

SECTION 208 - Cost-of-Living Adjustment

This section of the bill is to bring the cost-of-living provision of the Agency's retirement act into line with provisions which currently apply to civil service and military retirees.

The Central Intelligence Agency Retirement Act of 1964 authorizes automatic cost-of-living adjustments whenever the cost-of-living, as reflected in the Consumer Price Index maintains an increase of 3 per cent over a 12-month period. This automatic adjustment principle was approved by the Congress for the Civil Service Retirement System in 1962 and extended to the retired and retainer pay of members of the Armed Forces in 1963. It was incorporated into the Central Intelligence Retirement Act when that Act was passed in 1964.

During the first session of the 89th Congress the cost-of-living provision for military retirees was amended (P. L. 89-132) to gear increases to quarterly rather than average calendar year Consumer Price Indexes and to accelerate the cost-of-living adjustment due on 1 April 1966.

Later on in the first session, similar legislation for the benefit of the entire Civil Service System was approved (P. L. 89-205, 27 September 1965 and P. L. 89-314, 1 November 1965). As a result of this legislation, the cost-of-living feature of the Civil Service system is now based on cost-of-living indicators over three-month periods, and the

annuities of retirees as of 1 October 196⁵ and prospective retirees through 31 December 1965 were increased in an amount equivalent to the Consumer Price Index change from 1962 to July of 1965 plus an additional 1.5%.

The proposed amendment adopts the same type of formula for the Central Intelligence Agency retirement system as is now applied to the Civil Service retirement system. Further, the proposed amendment will assure that the cost-of-living adjustment provision of the Central Intelligence Agency Retirement system is consistent with Administration policy with regard to the method of determining cost-of-living increases for civilian and military retirees.

This will be applicable to all of our retirees, as well as to any employees who ^{OP}ought to retire within three months after enactment.